



STATE OF MICHIGAN
DEPARTMENT OF TREASURY

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DATE: November 5, 2020

TO: State Budget Office,
Senate and House of Representatives Standing Committees on Appropriations,
Chairpersons of General Government Appropriations Subcommittee

FROM: Kyle Thelen, State Assistant Administrator
Tax Compliance Bureau
Michigan Department of Treasury

SUBJECT: FY 2020 Boilerplate Report – Fraud Prevention Operations

Pursuant to P.A. 56 of 2019, section 949, subsection 2, the following information is being provided as an update regarding the fraud prevention program within the Michigan Department of Treasury.

Using the identity confirmation batch process through the contract with Experian Information Solutions, Inc. 10,270 suspicious returns were stopped, totaling over \$7.6 million in refunds that were not issued by the State of Michigan during the period of October 1, 2019 to September 30, 2020. Of the totals, 715 returns were denied in-whole or in-part, claiming over \$957 thousand in refunds. The remaining 9,555 returns were flagged, and notifications sent to the taxpayers; however, no response was received, resulting in \$6.7 million in refunds not issued.

During the same period, \$628,922 was expended on fraud prevention operations. This amount includes costs for the identity confirmation process, call center, consulting services and system enhancements.

Due to potential effects of the COVID pandemic on taxpayers, Treasury sought to reduce the opportunity for false positive identity proofing results which likely reduced the number of stopped returns. Also, because of the pandemic and extension of the income tax filing date, the Experian call center received fewer calls in comparison to last year. Fewer calls combined with reduced identity proofing quizzes resulted in overall decreased expenditures.

If you have questions or concerns, please contact Kyle Thelen, State Assistant Administrator, Tax Compliance Bureau, at (517) 636-4269.